SPEECH

OF

HON. JOHN B. STEELE,

OF NEW YORK.

DELIVERED IN THE HOUSE OF REPRESENTATIVES, APRIL 5, 1864.

The House having under consideration the bill to provide a National Currency, secured by a pledge of United States Stocks, and to provide for the circulation and redemption thereof, Mr. STEELE said:

MR. SPEAKER: It has been with great reluctance that I have at any time asked the attention of the American Congress to any remarks of mine. And at no time have I attempted to address the House when that feeling was stronger than now. Having no claims to superior knowledge in finance, either from education or experience, it has seemed little less than presumption in me to attempt to speak on this subject to men many of whom have given years to the study of this intricate, vexed, and even yet uncertain subject, added to many years of experience in such pursuits as have afforded them facilities for subjecting their investigations to the test of practical observation; and I doubt if I should have so far overcome my scruples as to make this effort were it not that I have received such communications from my constituents as seem almost to make it obligatory upon me. The great kindness uniformly extended to me by my associates here makes me believe that my imperfect suggestions will be received with many degrees of allowance, and given, at least, all the consideration they deserve.

My objections, sir, to this bill are mainly to the system it attempts to perfect and perpetuate, rather than to matters of detail, and therefore I preferred to reserve my remarks until such time as it should be presented to the House for final action. And even now it is not possible to determine what precise form it will assume, as some of the amendments proposed by the Committee of the Whole are yet to be decided upon by the House. Yet I think it may be now safely assumed that most of the important provisions of the bill are settled as they will be submitted for the final action of the House.

It having been my lot to enter first upon my congressional duties after a most infamous attempt had been made by a formidable armed rebellion to break up and destroy the Union and to overthrow the best Government of the earth, it has been my constant desire from the beginning to give earnest and hearty support to every measure necessary or important to sustain the Government in these fearful times. And I will not concede that any

one, even my distinguished colleague, who in his great speech on the gold bill made such an earnest, effective, and patriotic appeal to the Congress and the country, is influenced by a more anxious desire to do and to suffer everything needful for the success of our cause and the salvation of our country.

It is suggested that this is no new measure, but one already decided and entered upon, and considered necessary by that Department of the Government having charge of the finances, and therefore it is unpatriotic to oppose it or point out its imperfections, if it has any. Sir, it is not only the privilege but the duty of every Representative carefully to examine and consider every important measure proposed for action here, whether original or amendatory, and if he believes it inconsistent with the genius of our institutions and subversive of the rights of the States or the people, then to oppose its passage with all the power he can command. And I cannot understand how the fact that it is understood to be determined upon by the dominant party can relieve one from such responsibility.

At the time the bill for which this is sought to be substituted was presented for the consideration of the Thirty-Seventh Congress, it was urged as an imminent necessity; and realizing as we all did then, and do now, the importance to our national existence of the financial question, it is not improbable that the fear of doing a substantial injury to the country by its rejection did more to secure its passage than any deliberate conviction that in itself it was either wise or meritorious.

The measure as it was adopted, either from its imperfections and absurdities, or because it was not generally acceptable, has been so little used as to have served no substantial purpose in supplying a currency. In fact, statements were made upon this floor, during the debate on Saturday last, that it was "ineffective and inoperative;" and that, too, by a member of the Ways and Means Committee in favor of this bill, as follows:

"I understand the object of this bill to be to perfect the existing law, the law of 1863, which, during the past year, has been shown to be ineffective and inoperative.

"I can regard this in no other way than as an effort on the part of Congress to render efficient a law now inoperative."

If this be so, then of course the object of this substitute is to give vitality and effect to what is now supposed to be "ineffective and inoperative." Therefore it is quite proper to discuss it, much the same as if it were an original proposition.

A good while ago there grew up in this country a national institution called the United States Bank. Old Hickory Jackson said it was of unlawful origin, contrary to the spirit of our institutions, and dangerous to the liberties of the people. He swore by the Eternal, and it disappeared. And I should like to know what the distinguished gentleman from Pennsylvania, the chairman of the Ways and Means, who not long ago prayed so earnestly for "six months of the leadership of stern Old Hickory Jackson," thinks he would swear by now, if he should appear here and read this bill, knowing it was to pass by the recommendation and vote of that mortal who invoked his presence. The unprecedented popularity and indomitable will of the Hero of the

Hermitage carried him safely through his attack upon that mighty monetary power. Yet we all remember well how the death-throes of the expiring monster caused apprehension, embarrassment, and distress all over the land. Sir, if that bank, with its $30,000,000 capital, was so dangerous to liberty, and required the wonderful energies of a Jackson to put it down, what shall be said of this mammoth institution, with its $300,000,000 capital and its almost numberless tributaries, to be established in every part of this vast country? Verily here is an instrument of executive patronage and power worthy the conceptions of the loftiest aspirant.

Nor does the magnificent scheme halt with its present apparent proportions. One of the arguments, which meets with much favor among its advocates, is that the legal-tender system, although well enough in itself, was only intended as a temporary expedient, whereas the national currency system, as it is called, is expected to become a permanent institution and to supplant and take the place of all the other paper money of the country. Whenever the State banks can be annihilated then its volume can be increased. So soon as all the legal tender can be withdrawn it can again be increased. As the country advances, and a further demand for currency can be created, then it is to be increased again and again until the fertile imagination of the financial and political schemer and dreamer loses itself in the misty maze of the distant future. And were it not that the experience of the past, and the sober consideration of all practical, thinking financial men agree in the inevitable judgment that all visions of an unlimited paper currency not redeemable in coin are delusive and every such system must eventually explode, there might be no end of the amount and volume to which this so-called national currency could be expanded.

But even if it were possible that the vast mineral resources of the country could be developed to such an extent as to provide a specie basis for these untold millions of paper money, what would be the inevitable consequence of having these five, ten, fifteen, or any imaginable number of hundreds of millions currency all under the control of one man? If money is power—and I think most men believe it is—then here is power such as never yet existed on earth, except in the busy imagination.

In this vision of monetary power, let some man appear at the head of affairs sufficiently able and wicked to direct skillfully this vast machinery with a view to control elections; what would be the consequence? Is not the answer apparent? Is it necessary to go further, and consider exactly how he would pull the wires upon these millions of banks, and how with untold, fabulous sums of money, and the thousand insiduous influences that money can command, the election would be controlled? And at last, when it was apparent that the foundations of free government were being undermined and destroyed by this stealthy, irresistible, and ungovernable monster of our own creation, let some enthusiastic, self-sacrificing patriot, with courage enough to speak out, call for a Jackson to overthrow it, and let a greater than Jackson appear,

and what could he do? I tell you a whole army of Jacksons would be impotent against such a system, if once advanced to that position pictured for it in the expanded imagination of its projector. It would be impervious to political attack, and would only fall with its own unwieldly weight or for the want of sufficient foundation.

Experience has shown often during this war that measures urged as of the utmost immediate importance, were not only unnecessary, but of the most mischevioms and alarming character. Of all the measures urged upon Congress as indispensable to the salvation of the country, none came heralded with more pompous demands for our support than the odious, unnecessary, and oppressive conscription bill of the last session. It was proclaimed to the world and announced to this House that it had passed the Senate without an opposing vote, and that whoever opposed it here would be considered little better than a traitor to his country. And it was mainly because of this offensive demand made upon members for the support of the measure that I felt bound, although just up from a severe sickness, to state, as I did upon this floor, some of my objections to it. As was anticipated by many of us, it turned out a practical failure, and was productive of the most alarming consequences.

The present bill is not less dangerous to the permanent prosperity of free government than was that to the peace and good order of society. They are both calculated to subvert the liberties of the people and centralize power in the General Government at the expense of the reserved rights of the States and the people. And both alike, having failed to answer the expectations of their supporters, are sought to be bolstered up and perpetuated by alterations and amendments which do not change their character or obviate the most substantial and important objections to their provisions.

If this measure could be carried into successful operation, and the $300,000,000 currency proposed be substituted for the same amount of legal tender, it is difficult to understand how the Treasury would experience great relief after paying interest on the money thus withdrawn and which it now has without interest, in addition to the very considerable expenses of the new system, and the cost and inconvenience of the change.

Section one of the bill provides for the appointment of a Comptroller, &c., as follows:

He shall be appointed by the president, on the recommendation of the Secretary of the Treasury, by and with the advice and consent of the Senate, and shall hold his office for the term of five years unless sooner removed by the President, by and with the advice and consent of the Senate. He shall receive an annual salary of $5,000. He shall have a competent deputy, appointed by the Secretary, whose salary shall be $2,500, and who shall possess the power and perform the duties attached by law to the office of comptroller during a vacancy in such office and during his absence or inability. He shall employ from time to time the necessary clerks to discharge such duties as he shall direct, which clerks shall be appointed and classified by the Secretary of the Treasury in the manner now provided by law.

Thus at the outset we have a permanent officer with a salary of $5,000 per annum, another at $2,500, and a small army of clerks, unlimited in number, in addition to the expenses of providing the bills for circulation and divers other things, all to be paid by the Government.

If, however, it is supposed to be a sufficient answer to this apparent expense and loss to the Government to say that it is not for one unacquainted with the intricacies and mysteries of finance to question the wisdom of superior knowledge, that will scarcely be accepted as a sufficient answer to important constitutional objections and the impolicy and unsafety of placing all the banks and the entire banking capital of the country under the control of the executive department of the General Government or one of its branches.

It is not denied that it is the inevitable consequence of this system, if successful, to compel all the State banks to suspend business as such, and come under the new arrangement, or give place to such as will. State banks are older than the Government itself. They have not only been accepted and regarded as lawful State institutions by the authors and contemporaneous expounders of the Constitution, but have been repeatedly decided to be so by the Supreme Court of the United States.

The great State of New York, the Empire State of this Union, and the district I represent, are largely interested in this question. We have many banks, founded upon a system which has served as a model for the one now under consideration. They have furnished us a safe and convenient currency. Our people have confidence in them, so much so that they greatly prefer them to the national currency. They pay a very large proportion of our taxes; and we cannot understand what authority the General Government has, either by a sudden blow or a lingering torture, to destroy such valuable State institutions and substitute others, creatures of the National Government, and substantially exempted from local taxation. About one tenth of the entire taxable property of the State of New York is in the State banks, and in many localities a much larger proportion. Suppose this system to be perfected, and that amount of property relieved from local taxation; how are the other tax.payers to make up the deficiency in these times of alarming expenditure? And if lawful State institutions of such magnitude and importance to the States and the people can be directly or indirectly stricken down by Federal legislation, what safety is there for any local or individual right?

And again, perfect your systems; let capitalists invest in these banks; establish a privileged class of moneyed men in every vicinity exempted from locol taxation: as taxes increase and become more and more onerous, a feeling of dissatisfation, discontent, and ill-will toward the class supposed to be unfairly protected from taxation will grow up among the masses of the people, likely to result in violence and blood, arson and anarchy. There is not, it is true, in this bill any language which in terms disposes of the State banks. It will be well remembered, however, that the bill of the last Congress for which this is a substitute was speedily followed by another aiming a death-blow at the State banks by the way of taxation; and if we may argue of the future by the past, we have a right to presume this will be

immediately followed by another taxing the State banks to such an extent that they cannot live as such.

In the committee of the Whole on the 2d instant the distinguished gentleman from Maryland [Mr. HENRY WINTER DAVIS] said:

"I confess I foresee a serious struggle to take place between the banks that we are providing for and the existing State organizations. It is impossible that the State institutions can be allowed to stand side by side with those we are about to create. It is plain that either in this bill or in the tax bill stringent provisions will be adopted to drive from existence the State institutions."

From this statement, made openly upon this floor, and not denied or commented upon by the friends of this measure, it seems to be generally conceded, and unless it is now denied by those who know, I shall assume that such is the case. The efforts and the sacrifices of the State banks to serve the Government in its time of need, and the fact that they have several times, and as often as called upon, come promptly to the relief of the Government in its extremity, was remarked upon by my colleague [Mr. BROOKS] the other day; and I will not enlarge upon it now, except to say that in every instance when money has been wanted to fill up the regiments and quotas sent from the district I have the honor to represent on this floor, our local banks, State institutions, have immediately and voluntarily furnished all the money required for such purposes; and under the last call some, if not all of them, have done so to the extent of nearly one-fourth of their entire capital.

And it would seem that, aside from the fact that Congress has no constitutional right or authority to interfere with and destroy lawful State institutions, it is a poor return for such patriotic devotion and the most important services which have, more than once, saved the very life of the nation, to proceed deliberately and resolutely to cripple and eventually destroy them; especially when it is believed the Government could provide for its necessities even better by a continuation of the legal-tender system at present in use, and that there can be no necessity for the proposed change, except for the purpose of establishing a pet system increasing executive patronage, and, by breaking down State institutions and weakening the sovereignty of States in the management and control of their internal and local affairs, make another grand stride in the direction of a consolidated Government and the centralization of power.

The old argument in favor of a national bank, that of giving a uniform currency, is urged now, and yet it seems apparent that the legal tender has advantages over the proposed system. It is not to be supposed that all men will be able to manage the business of banking successfully; and if not, then undoubtedly some of these banks will soon be compelled to go into liquidation; and whenever that occurs, no one can doubt that the delay in realizing, upon notes scattered, as they will be if used as currency, all over the country, will cause depreciation and distrust. Then, again, bills redeemable at a distance, even if there is no other objection to them, will pass, if at all, at a discount. And instead of having a currency like the present legal tender, good

alike in all the States, it will soon be found necessary to discriminate between the paying and the non-paying banks, and between hose bills redeemable near at hand and at far-off places.

In support of the proposition that the banks of this new creation will be entirely at the mercy of the Treasury Department, and therefore to that extent subject to its control and dictation, I desire to call attention to the following sections of the bill.

Section twelve contains the following:

And the Comptroller shall have authority to withhold from an association his certificate authorizing the commencement of business, whenever he shall have reason to suppose that the shareholders thereof have formed the same for any other than the legitimate objects contemplated by this act.

Section thirteen, as follows:

Provided, That by no such reduction shall its capital be brought below the amount of its outstanding circulation, nor shall any such reduction be made until the amount of the proposed reduction has been reported to the Comptroller of the Currency and his approval thereof obtained.

Section seventeen provides for examination, report of directors, &c.

SEC. 18. *And be it further enacted*, That if, upon a careful examination of the facts so reported, and of any other facts which may come to the knowledge of the Comptroller, whether by means of a special commission appointed by him for the purpose of inquiring into the condition of such association or otherwise, it shall appear that such association is lawfully entitled to commence the business of banking, the Comptroller shall give to such association a certificate, &c.

Two of these sections give a discretion to the Comptroller or Secretary which is unlimited, and may be exercised so as to prevent the organization of any association not desired by the head of the Department. And the other gives authority to consent to or prevent the reduction of the capital.

SECTION 45. *And be it further enacted*, That all associations under this act, when designated for that purpose by the Secretary of the Treasury, shall be depositaries of public money, except receipts from customs, under such regulations as may be prescribed by the Secretary; and they may also be employed as financial agents of the Government, and they shall perform all such reasonable duties as depositaries of public moneys and financial agemts of the Government as may be required of them. And the Secretary of the Treasury may require of the associations thus designated satisfactory security by the deposit of United States bonds for the safe-keeping and prompt payment of the public money deposited with them, and for the faithful performance of their duties as financial agents of the Government.

Under this provision some can be benefited and others punished by the favors which can be extended to one and withheld from another, or changed from one to another, in the discretion of the Secretary. And any amount of deposits may be removed from one locality to another at any moment, thereby materially affecting the value of stocks and other property in different localities, at the mere will and pleasure of the head of the Department. As the sub-Treasury system is not, more than the State banks, directly attacked in terms by this bill, it may be claimed that there is no intention to interfere with it; yet it is difficult to unstand what is to prevent its being substantially abandoned under the provisions referred to. It is not my purpose to enter into a discussion of the merits of that measure. It has been tried and approved by the judgment of the country, and more than once indorsed by the people; and no one recently, so far as I know, has ventured to attack it openly. And it may not be amiss simply to say that, in addition to its safety, it would, if properly continued, prevent the mischievous consequences anticipated from large Government deposits with pet banks, and the changes from bank to bank and from place to place.

SEC. 54. *And be it further enacted*, That the Comptroller of the Currency, with the the approbation of the Secretary of the Treasury, as often as shall be deemed necessary or proper, shall appoint a suitable person or persons to make an examination of the affairs of every banking association, which person shall not be a director or other officer in any association whose affairs he shall be appointed to examine, and who shall have power to make a thorough examination into all the affairs of the association, and in doing so to examine any of the officers and agents thereof on oath; and shall make a full and detailed report of the condition of the association to the Comptroller. And the association shall not be subject to any other visitorial powers than such as are authorized by this act, except such as are vested in the several courts of law and chancery. And every person appointed to make such examination shall receive for his services at the rate of five dollars for each day by him employed in such examination, and two dollars for every twenty-five miles he shall necessarily travel in the performance of his duty, which shall be paid by the association by him examined.

Under this power of examination any one of these institutions that happens to incur the displeasure of the Department can be broken down by sending persons "to make an examination of the affairs," &c., which may be ordered by the Comptroller with the approbation of the Secretary, at any time; and if one set of persons appointed to examine as long as they choose, who must be paid five dollars a day each, and two dollars for every twenty-five miles traveled, by the institution undergoing the examination, and the discredit of being subjected to such examination, and the expenses attending it, cannot break down the institution the first time trying, it may be repeated *ad infinitum*, until the desired result is accomplished. And who can doubt the influence that might be exerted in consequence of such power in the hands of one who choose to use it?

It seems to have been forgotten, sir, in these days of much talk about liberty and continual practice of Federal usurpation, that this is a Government of the people; that all the lawful authority of the governors comes from the consent of the governed; in other words, that the power proceeds from the people and the States to the General Government, instead of going from the General Government to the States and the people. If this is so, then it follows that all enactments reversing this order, or tending to impair the lawful authority of the States within their own several jurisdictions, or to encroach upon the sovereignty of the people, are anti-democratic, anti-republican.

And while I am for restoring and preserving the Union as we received it from our fathers and enjoyed it ourselves for many years, at any cost, at any sacrifice, short of a surrender of our liberties and our personal and local rights; and while I should have very little hope of liberty in a permanent Government of the people without the Union, I see no use of and have no desire for a Union without liberty; and if we must surrender all our vested rights, and give up that liberty which alone made the old Union glorious, in order to purchase it back, then, I say, the price is too great.

I will not concede, as did my colleague, [Mr. BROOKS,] that Massachusetts is supreme, yet I know she is mighty in these days; and I appeal to her to remember the teachings of her own great statesman, and not sacrifice liberty even upon the altar of the Union. But give us "liberty and Union, one and inseparable, now and forever."

Printed by L. Towers & Co., cor. Louisiana Avenue and Sixth street, Washington.

71.2009.084.09683